

Message Text

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42

ACTION AID-59

INFO OCT-01 ISO-00 EB-11 IGA-02 L-03 EUR-25 CIAE-00 INR-11

NSAE-00 RSC-01 OMB-01 ABF-01 TRSE-00 SS-20 SP-03

NSC-07 PRS-01 USIA-15 DRC-01 /162 W

----- 026932

R 161122Z SEP 74

FM AMEMBASSY BELGRADE

TO SECSTATE WASHDC 564

INFO AMCONSUL ZAGREB

UNCLAS BELGRADE 4557

DEPT PASS USAID/W

E.O. 11652: N/A

TAGS: EAID, EFIN, YO

SUBJ: MSA 402 DINAR NEGOTIATIONS

REF: STATE 191692

SUMMARY: GOY ACCEPTS AID-PROPOSED CHANGES OUTLINED
REFTEL AND SUGGESTS FURTHER CHANGES IN TEXT WHICH
ARE SUBMITTED FOR AID APPROVAL. IF TEXT ACCEPTABLE,
EMBASSY REQUESTS AID GUIDANCE CONCERNING PREPARATION
OF FINAL AGREEMENT. END SUMMARY

1. IN MEETING AT WORKING LEVEL TO AGREE ON FINAL TEXT
OF LOAN AGREEMENT, YUGOSLAVS ACCEPTED IN SUBSTANCE
CHANGES IN TEXT PROPOSED BY AID, AND SUGGESTED ADDI-
TIONAL CHANGES WHICH APPEAR MINOR AND REASONABLE.
COMPLETE LIST OF SUGGESTED CHANGES IN TEXT OF ORI-
GINAL DRAFT AGREEMENT FOLLOWS:

A. TITLE PAGE OF AGREEMENT TO READ: "LOAN
AGREEMENT BETWEEN THE GOVERNMENT OF THE SOCIALIST
FEDERAL REPUBLIC OF YUGOSLAVIA AND AID, AN AGENCY
OF THE GOVERNMENT OF THE UNITED STATES OF AMERICA."
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B. ON PAGE ONE IN PREAMBLE "AN AGENCY OF THE GOVERNMENT OF THE UNITED STATES OF AMERICA" TO REPLACE: "AN AGENCY OF THE UNITED STATES OF AMERICA."

C. IN SECTION 102 THE THREE PROJECTS TO BE FINANCED FROM THE LOAN WILL BE LISTED BY THEIR YUGOSLAV NAMES WITH ENGLISH TRANSLATION OF NAMES FOLLOWING IN PARENTHESIS.

D. SECTION 201 SUBSTITUTE LANGUAGE IN REFTTEL IN ITS ENTIRETY.

E. SECTION 202 SECOND SENTENCE TO READ: "THE INTEREST RATE WILL BE THREE AND ONE HALF PERCENT (3 1/2 PERCENT) PER ANNUM PAYABLE EITHER IN LOCAL CURRENCY OR IN UNITED STATES DOLLARS (DOLLARS).

F. SECTION 203 SECOND SENTENCE BECOMES THIRD SENTENCE AND THIR SENTENCE BECOMES SECOND SENTENCE TO READ: "IF PAYMENT OF PRINCIPAL AND INTEREST IS MADE IN LOCAL CURRENCY SUCH PAYMENT SHOULD BE MADE TO THE AMERICAN EMBASSY IN BELGRADE. DOLLAR PAYMENTS OF INTEREST AND PRINCIPAL SHALL BE PAYABLE AT THE OFFICE OF FINANCIAL MANAGEMENT, AGENCY FOR INTERNATIONAL DEVELOPMENT, WASHINGTON, D. C."

G. SECTION 409 TO READ: "ELIGIBILITY DATE. EXCEPT AS AID MAY OTHERWISE AGREE IN WRITING, NO GOODS OR SERVICES MAY BE FINANCED UNDER THE LOAN WHICH ARE PROCURED PURSUANT TO ORDERS OR CONTRACTS FIRMLY PLACED OR ENTERED INTO PRIOR TO MAY 28, 1974."

COMMENT: MAY 28, 1974, WAS DATE YUGOSLAVS OFFICIALLY

INFORMED THE PROJECTS WOULD BE APPROVED FOR FINANCING FROM LOAN AGREEMENT. END COMMENT

H. SECTION 503 TERMINAL DATE FOR DISBURSEMENT BECOMES DECEMBER 31, 1977 INSTEAD OF DECEMBER 31, 1976.

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I. SECTION 601 YUGOSLAVS PROVIDED MAIL ADDRESS AND CABLE ADDRESS TO INSERT IN AGREEMENT.

K. PAGE 11 FINAL PARAGRAPH CHANGED TO READ:
"IN WITNESS WHEREOF, THE GOVERNMENT OF YUGOSLAVIA AND THE GOVERNMENT OF THE UNITED STATES OF AMERICA, EACH ACTING THROUGH ITS DULY AUTHORIZED REPRESENTATIVES, HAVE CAUSED THE TWO ORIGINAL ENGLISH LANGUAGE COPIES

OF THIS AGREEMENT TO BE SIGNED IN THEIR NAMES IN
BELGRADE AND DELIVERED AS OF THE DAY AND YEAR FIRST
ABOVE WRITTEN."

2. EMBASSY CALLS AID ATTENTION TO SECTION 202 ENTITLED
"INTEREST". LAST TWO SENTENCES DISCUSS DEFAULT AND
EMBASSY WONDERS IF THEY SHOULD NOT BE REMOVED FROM
THIS SECTION AND PLACED VERBATIM IN NEW SECTION
(POSSIBLY 206) TO MORE CLEARLY APPLY TO DEFAULT IN
REPAYMENT OF PRINCIPAL AS WELL AS INTEREST.

3. WILL PROJECT AGREEMENTS BE NEEDED FOR THR THREE
PROJECTS TO BE FINANCED FROM THE LOAN? IF SO, PLEASE
ADVISE PROCEDURE AND IMPLICATION FOR DISBURSEMENT
OF FUNDS AFTER LOAN AGREEMENT SIGNED.

4. IS IT NECESSARY TO INSPECT THE PROJECTS PRIOR TO
LOAN IMPLEMENTATION?

5. WILL WASHINGTON OR EMBASSY PREPARE FINAL AGREEMENT?
IF EMBASSY, REQUEST INSTRUCTIONS FOR PREPARATION.

6. IT IS EXPECTED THAT MOMCILO CEMOVIC, FEDERAL
SECRETARY OF FINANCE, WILL SIGN LOAN AGREEMENT FOR
YUGOSLAVIA, AND AMBASSADOR TOON FOR U.S.

7. RETYPED DRAFT AGREEMENT INCORPORATING CHANGES
LISTED IN THIS TELEGRAM BEING AIR POUCHED UNDER
COVER AIRGRAM.

8. ACTION REQUESTED: AID GUIDANCE PARAS 1, 2, 3, 4, AND

5.

TOON

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TEXT, LOAN AGREEMENTS, DINAR, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 16 SEP 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974BELGRA04557
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740258-0857
From: BELGRADE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740944/aaaabksl.tel
Line Count: 154
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION AID
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: STATE 191692
Review Action: RELEASED, APPROVED
Review Authority: martinjw
Review Comment: n/a
Review Content Flags:
Review Date: 20 JUN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <20 JUN 2002 by maustmc>; APPROVED <30 JAN 2003 by martinjw>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: MSA 402 DINAR NEGOTIATIONS
TAGS: EAID, EFIN, YO, US
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005